

State of California
BOARD OF EQUALIZATION

ENERGY RESOURCES SURCHARGE REGULATIONS

Regulation 2345. RECORDS PREPARED BY AUTOMATED DATA PROCESSING SYSTEMS.

Reference: Sections 40171, 40172, and 40173, Revenue and Taxation Code.

An ADP tax accounting system must have built into its program a method of producing visible and legible records which will provide the necessary information for verification of the taxpayer's surcharge liability.

(1) **RECORDED OR RECONSTRUCTIBLE DATA.** ADP records must provide an opportunity to trace any transaction back to the original source or forward to a final total. If detail printouts are not made of transactions at the time they are processed, then the system must have the ability to reconstruct these transactions.

(2) **GENERAL AND SUBSIDIARY BOOKS OF ACCOUNT.** A general ledger, with source references, will be written out to coincide with financial reports for surcharge reporting periods. In cases where subsidiary ledgers are used to support the general ledger accounts, the subsidiary ledgers should also be written out periodically.

(3) **SUPPORTING DOCUMENTS AND AUDIT TRAIL.** The audit trail should be designed so that the details underlying the summary accounting data may be identified and made available to the Board upon request. The system should be so designed that supporting documents are readily available.

(4) **PROGRAM DOCUMENTATION.** A description of the ADP portion of the accounting system should be available. The statements and illustrations as to the scope of operations should be sufficiently detailed to indicate (A) the application being performed, (B) the procedures employed in each application (which, for example, might be supported by flow charts, block diagrams or other satisfactory description of the input or output procedures), and (C) the controls used to insure accurate and reliable processing.

Important changes, together with their effective dates, should be noted in order to preserve an accurate chronological record.

History: Adopted December 18, 1974, effective January 26, 1975.